

**STONEHAVEN AT BRECKENRIDGEASSOCIATION
ANNUAL HOMEOWNER MEETING
AUGUST 3, 2012**

I. CALL MEETING TO ORDER

The Stonehaven at Breckenridge Association Annual Homeowner Meeting was called to order at 2:00 p.m.

Board Members Present Were:

Jim Contino, Lot 2

Patti Smith, Lot 14

Garth Stroble, Lot 10

Linda Schut, Lot 3

Homeowners Present Were:

Dean Volk, Lot 13

Bert & Karen Cook, Lot 23

Nancy Gray, Lot 19

Peter Marcelli, Lot 1

Paul Schutt, Lot 3

Janet Walsworth, Lot 15

James Manwaring, Lot 4

Sheri Devereux, Lot 20

Deborah Hruza, Lot 7

John Miller, Lot 22

Suzy & J.D. Schulec, Lot 18

Representing Basic Property Management were Gary Nicholds, Eric Nicholds and Giovanna Voge. Erika Krainz of Summit Management Resources transcribed the minutes from recording.

II. DETERMINATION OF QUORUM

With 14 lots represented in person and seven proxies received a quorum was reached.

III. APPROVE PREVIOUS MEETING MINUTES

A motion was made to approve the August 12, 2011 Annual Meeting Minutes as presented. The motion was seconded and carried.

IV. PRESIDENT'S REPORT

Current and pending projects included:

1. The snow removal contract will be put out for bid this year.
2. A contract has been signed with Neils Lunceford for landscaping service.
3. The roads were crack sealed last year.
4. The website host was changed, reducing the annual cost from \$1,400 to \$500.

V. NEW BUSINESS

A. Property Entrance

J.D. Schulec spoke about the entrance. He felt there should be some landscaping improvements made. He complimented the Board for the lighting and flowers on the south corner and lighting of the sign. The project to clean up the side bordering Clubhouse Drive and the north corner needs to be restarted. The focus should be to beautify the two corner properties with wildflowers and perennials while leaving the

rest of the frontage as is, at least for the time being. He campaigned for the planting of wildflowers but a decision was made to plant grass along the road. This will create an additional expense for mowing. The proposed project indicated the grass would not require cutting but the grass is now about one foot high and will require periodic cutting. He felt the money would have been better spent improving the corners with flowers. He volunteered to form a Landscaping Committee with his wife. He proposed two options. The first would include 50 wildflowers and 50 pounds of seeds to beautify the front and sides of the north and south corners. This first plan would include labor for a landscaping contractor to do the work. The second option would include the same flowers and seeds, but would be installed using owner volunteer labor. The seeds would need to be planted in October. The committee would bring a formalized plan to the Board for approval.

J.D. noted that the value of most homes is down. He felt that spending a relatively small amount of money would make all the owners happier, would create a more upscale and desirable community and would help bring up property values.

It was noted that there was an issue with Neils Lunceford not finishing the original landscaping project. After lengthy negotiation, they did return and finish the job at no cost to the Association.

An owner noted that the landscaping budget had been cut 50 – 60% from where it was five years ago. This has resulted in a decline in the upkeep. The new Neils Lunceford contract is \$40,000 annually, up from \$25,000 previously. It might be possible to contract with another provider at a lower cost for some of the services, such as mowing. An owner suggested creating a detailed Request for Proposal so bids can be solicited from other landscapers. The current Landscaping budget is \$10,000, plus \$5,000 for sprinkler system repair.

The irrigation system has been upgraded in the past few years, but the sprayers and drippers are often damaged, apparently by the weed trimmers. There were over 60 leaks when the system was pressurized this spring. The total cost for sprayer head repair this spring was \$1,400, in addition to the ongoing contract cost. It may be advantageous to convert the low volume lines to 1” lines to reduce the annual maintenance cost.

In a show of hands, the majority of the owners indicated they were in favor of improving the landscaping on the two corners.

J.D. Schulec made a motion to establish a Landscaping Committee. Jim Contino seconded. Janet Walsworth volunteered to serve. The Committee will be charged with providing a design and pricing. The motion carried.

It was noted that there is an aspen aphid infestation. In prior years, the Board decided that owners would be responsible for the trees on their property and the Association would take care of the trees in the common areas. Neils Lunceford has been asked to provide a map indicating where the infested trees are located so affected owners can be notified.

There was general discussion about whether the owners preferred a natural type of landscaping versus a more manicured approach, and the required irrigation for the two options.

It was noted that the irrigation system was originally designed for the common areas, but it has been expanded over the years onto some areas of private property. Dean Volk made a motion to maintain the sprinkler system for the common areas at Association expense but not to maintain any segments of the system that are on private property. Owners will be given the option to pay for any required repair and maintenance on their property. Jim Contino seconded.

There was discussion about ARC approvals. The ARC policy as written specifies that owners are required to get ARC approval for landscaping improvements. Jim Contino proposed changing the requirements for more minor landscaping projects.

A motion was made to allow owners to mulch and plant flowers on their property without ARC approval. The motion was seconded and carried.

Peter Marcelli said he purchased his property with the understanding that it was a maintenance free community. He did not feel owners should be responsible for their own landscaping. He said he expected a certain level of landscaping on his property by the Association. He was in support of continuing the annual inspections of the homes by management to notify owners if their properties need to be stained. Jim Contino said the Board had voted in the past to provide weed trimming as an Association responsibility but that owners were responsible for maintaining the trees on their property, including removal of dead trees. Peter felt that the Association should remove dead trees. Another owner agreed with Peter, noting that most of the homes were built right on the lot lines and most of the trees were planted by the original developer. It is likely that most trees are on common area. Jim Contino said some owners had planted a considerable number of trees on Association property. The Board authorized planting of the trees but told the owners they would be responsible for maintenance of them. Peter agreed that additional landscaping should be an individual owner responsibility, but that there should be basic maintenance for the original landscaping done by the developer. Linda Schutt added that there should be basic irrigation around the entire community for fire prevention since there are so many owners who are not full time residents. An owner commented that the Fire

Department recommended keeping irrigation systems running in late May and early June to raise humidity levels around homes during the high fire danger season.

James Manwaring felt the irrigation should be reduced or eliminated, not increased. He pointed out that the Association spends a considerable amount of time and money on the irrigation system annually, and it is really only needed one month of the year. He noted it was originally installed to get the landscaping established.

Peter Marcelli suggested turning off the irrigation system for a year as a test. Jim Contino noted that there would still be a \$1,500 cost to turn the system on and off (\$750 each) and \$500 for the mid-season check up.

Jim Contino said the irrigation system issue would be turned over to a committee for review over the next few months. The committee will report to the Board and a vote will be held.

VI. BOARD OF DIRECTORS ELECTION

There were three Board seats up for election. The terms of Patti Smith and Linda Schutt expired. Page Manwaring resigned but was nominated to run again and accepted the nomination. The candidates were Patti Smith, Page Manwaring, Mark Miller, Dean Volk and Stuart Walsworth. The two candidates who receive the most votes will be elected to serve three-year terms and the third candidate will serve the two years remaining in Page's term. The candidates introduced themselves and provided biographical information.

Ballots were tallied and Patti Smith and Stuart Walsworth were elected for three-year terms. Dean Volk was elected to fill the remainder of Page Manwaring's term.

VII. ADJOURNMENT

Paul Schutt made a motion to adjourn at 4:10 p.m.

Approved By: _____ Date: _____
Board Member Approval

**STONEHAVEN AT BRECKENRIDGEASSOCIATION
BOARD OF DIRECTORS MEETING
AUGUST 3, 2012**

I. CALL MEETING TO ORDER

The Stonehaven at Breckenridge Association Board of Directors Meeting was called to order at 4:15 p.m.

Board Members Present Were:

Dean Volk, Lot 13

Patti Smith, Lot 14

Jim Contino, Lot 2

Owner Mark Miller was a guest at the meeting.

Representing Basic Property Management were Gary Nicholds, Eric Nicholds and Giovanna Voge. Erika Krainz of Summit Management Resources transcribed the minutes from recording.

II. APPOINTMENT OF ADDITIONAL BOARD MEMBER

Jim Contino explained that Garth Stroble had resigned so the Board needed to seat one more Board member. Patti Smith made a motion to appoint Mark Miller to fill the remainder of Garth's term. Dean Volk seconded and the motion carried unanimously.

Another Board Meeting will be convened to appoint Officers.

III. ADJOURNMENT

The meeting was adjourned 4:17 p.m.

Approved By: _____

Board Member Approval

Date: _____

Stonehaven at Breckenridge Golf Club Association, Inc.

Executive Board Meeting

3:50 p.m. August 8, 2008

Minutes

1. *Roll call and determination of quorum.*

The meeting was called to order by the President, Ms. Paige Beville, at 3:55 p.m. and a quorum was declared by the presence all board members – Also in attendance was Mr. Michael Yearout of Year In and Yearout Management, Inc.

2. *New Business.*

Ms. Beville said the purpose of this short meeting was to elect officers to the Executive Board and opened the floor to nominations. The following persons were nominated:

Mr. St. Pierre for President.

Ms. Schutt for Vice President.

Ms. Beville for Treasurer.

Mr. Contino for Secretary

A motion was made to close nominations and elect those nominated by acclamation. The motion was seconded and passed unanimously.

The Board appointed Mr. Contino as Chair of the Architectural Review Committee, and appointed Mr. Stroble, Mr. Cook and Ms. Schutt as members of the committee.

3. *Adjournment.*

A motion was made to adjourn the meeting. It was seconded and passed unanimously.

There being no further business the meeting was adjourned at 4:10 p.m.

Respectfully submitted,

Year In and Yearout Management, Inc.
Managing Agent

Michael Yearout, President

**STONEHAVEN AT BRECKENRIDGE ASSOCIATION
BOARD OF DIRECTORS MEETING
SEPTEMBER 17, 2012**

I. CALL MEETING TO ORDER

The Stonehaven at Breckenridge Association Board of Directors Meeting was called to order at 5:05 p.m. via teleconference.

Board Members Present Were:

Dean Volk

Jim Contino

Mark Miller

Stuart Walsworth

Paige Belville

Garth Stroble and J.D. Schulec were guests at the meeting.

Representing Basic Property Management were Gary Nicholds and Giovanna Voge. Erika Krainz of Summit Management Resources was recording secretary.

II. APPROVE PREVIOUS MEETING MINUTES

Dean Volk made a motion to approve the August 3, 2012 Board Meeting minutes as presented. Jim Contino seconded and the motion carried.

III. FINANCIAL REPORT

Giovanna Voge reviewed the Balance Sheet as of August 31, 2012.

1. Total Checking/Savings - \$67,549
2. Total Accounts Receivable - \$1,200
3. Total Assets - \$68,749
4. Total Accounts Payable - \$8,769
5. Retained Earnings - \$46,630
6. Net Income - \$13,350

Giovanna was asked to review the Reserve account balance and explain the change in the balance from 2011 to 2012.

There were three owners who had not yet paid dues and one has paid ahead of time.

Giovanna reviewed the Profit and Loss as of August 2012:

1. Total Income - \$4 over budget.
2. Total Expenses - \$6,813 under budget. The most significant favorable variances were due to savings in Electric, Landscaping and Common Elements Repair.
3. Working Capital Reserve - \$1,200.
4. Net Income - \$13,350.

Gary Nicholds was asked to provide the financial reports to the Board prior to the meeting.

Giovanna was instructed to send the quarterly billing statements to all owners at least 30 days prior to the due date.

IV. PROPERTY MANAGEMENT REPORT

A. Trash Removal

Gary Nicholds has been trying to contact Waste Management because the contract he has from Woodwinds is not complete. The Association currently pays \$225 per month for service from Waste Management. Timberline has provided a bid of \$200 or less per month. Gary said one or two recycling totes could fit in the dumpster enclosure. Timberline would charge \$25/month for weekly pickup of one tote or \$40/month for weekly pickup of two totes.

B. Hardwiring of Sensors

The electrician provided a bid of \$900 to wire all four houses. Gary Nicholds asked Garth Stroble to help coordinate with his three neighbors to install the sensors.

C. Plowing Contract

PGMS charged \$2,100/month for plowing last winter and Gary Nicholds has been trying to contact them about this coming winter. Five other contractors he contacted declined to bid. He is waiting for two other bids. He will work on getting a contract in place by October 15th. PGMS provided good service last year and there were no issues.

D. Other Projects

1. All light bulbs are being replaced with CFL's.
2. Picked up golf balls.
3. Addressed owner complaints.

E. Reserve Study

Gary Nicholds reviewed the three Reserve projects on the schedule:

1. Dumpster Enclosure – Gary has sent the dumpster enclosure information to a contractor for a bid.
2. Sprinkler System – \$200,000 for replacement of the entire system, but complete replacement is not needed at this time. Ongoing annual maintenance of the system costs \$4,000 – 5,000.
3. Asphalt Overlay - \$25,000 for an asphalt overlay.

Jim Contino said he would like to have a revised Reserve Study by October 15th. It should include all the items and estimates of the useful life. The budget must be sent to the owners for approval by November 15th. Jim asked Gary Nicholds to have the revised Study completed within the next five days.

V. NEW BUSINESS

A. Entrance Landscaping

JD Schulec obtained a proposal for \$4,974 from Neils Lunceford for landscaping the entranceway. Jim Contino explained that unbudgeted special projects would be reviewed by the Board and put out to an owner vote. Last year the owners approved a \$6,000 expenditure for landscaping along Clubhouse Drive including boulders, planting of grass to reduce erosion and sprinkler system work.

JD questioned the practicality of putting all projects to an owner vote. Paige Belville said the owners overwhelmingly approved reducing assessments in 2008 with the understanding that unbudgeted projects would be brought before the owners for approval. There have not been any problems obtaining approvals due to the small number of projects.

The Neils Lunceford proposal included 65 perennials, 12 junipers, 1,000 sq.ft. of seeding, extending the south corner irrigation and addition of boulders to support the slope. Another bid of \$5,200 from another contractor was also received. Jim Contino said the proposal was presented at the Annual Meeting and the owners agreed to establish a committee, but did not approve the expenditure.

Paige Belville thought the landscaping added last year should be given some more time to fill in. She said the owners should be asked if they would like to see flowers or grass. She thought they had voted to plant grass to mirror the grass on the berm along the golf course because it would be lower maintenance than flowers. It would not be possible to use a weed trimmer if there were flowers and the beds would have to be weeded by hand.

J.D. Schulec responded that the project last year did not include the south corner. He said the perennials would spread and would be low maintenance, and they should be planted in the fall. He did not think this project would affect the assessments.

Jim Contino said the owner survey indicated that everyone was in favor of improving the corners but very few owners were willing to pay for the work.

Jim Contino made a motion to postpone release of the \$4,974 landscaping proposal from Neils Lunceford until the Board has a better understanding of the Association's financial situation. Paige Belville seconded. In discussion, Jim noted that this project was not budgeted and it was not clear if there was enough money in the Reserve Fund. Gary Nicholds said that the most recent Reserve figures included the payments to Neils Lunceford for several invoices from this summer. Giovanna Vogli will contact Neils Lunceford to confirm that all invoices have been paid and will provide an answer to the Board by Friday. The Board will then vote by email.

Gary noted that there would be a \$750 expense this fall to blow out the irrigation system. Stuart Walsworth asked if there was a cost estimate for the annual maintenance of the landscaping in the proposal. The most recent proposal did not include that information; Gary will call for an estimate tomorrow.

The motion was withdrawn.

Dean Volk said it should be made clear to the owners that there was a landscaping plan in place for the north corner that may take some time to develop. Jim Contino will draft an email by the end of the month. It will be approved by the Board before it is sent to the owners.

Mark Miller asked about the cost for the irrigation system. Jim Contino said the irrigation junction boxes and lines were upgraded about five years ago at a cost of about \$25,000. Annual maintenance is estimated to be \$5,000. It is not known how often the junction boxes will need to be replaced.

B. Election of Officers

Paige Belville made a motion to elect Jim Contino as President. Dean Volk seconded and the motion carried. Dean Volk made a motion to elect Paige Belville as Vice President. Jim Contino seconded. The motion was amended to elect Paige Belville as Treasurer. The amended motion carried. Jim Contino made a motion to elect Stuart Walsworth as Vice President and Mark Miller as Secretary. The motion was seconded and carried.

C. ARC Committee

One Board member is required to serve on the ARC Committee. Paige Belville volunteered to serve as the Board representative. The other owner volunteers were Sherry Deveroux, Pete Marcelli, George Gray and Terry Contino. JD Schulec had volunteered but withdrew his name. The Board approved the Committee members.

VI. SET NEXT MEETING DATE

The next Board Meeting was set for Friday, October 5, 2012 at 5:00 p.m.

VII. ADJOURNMENT

The meeting was adjourned 6:48 p.m.

Approved By: _____ Date: _____
Board Member Signature

**STONEHAVEN AT BRECKENRIDGEASSOCIATION
BOARD OF DIRECTORS MEETING
OCTOBER 5, 2012**

I. CALL MEETING TO ORDER

The Stonehaven at Breckenridge Association Board of Directors Meeting was called to order at 5:02 p.m. via teleconference.

Board Members Present Were:

Dean Volk
Mark Miller

Jim Contino
Paige Belville

Representing Basic Property Management were Gary Nicholds, Eric Nicholds and Giovanna Voge. Erika Krainz of Summit Management Resources was recording secretary.

II. APPROVE PREVIOUS MEETING MINUTES

Dean Volk made a motion to approve the September 17, 2012 Board Meeting minutes as presented. Mark Miller seconded and the motion carried.

III. FINANCIAL REPORT

Giovanna Voge reviewed the Balance Sheet as of September 30, 2012.

1. Total Checking/Savings - \$58,510.
2. Total Accounts Receivable - \$6,000 credit balance for prepaid dues.
3. Total Accounts Payable - \$236.
4. Retained Earnings - \$46,630.
5. Net Income - \$10,444.

There were no owner delinquencies and some owners have paid ahead of time.

Giovanna reviewed the Profit and Loss as of September 2012. No large invoices have been received in the past few weeks.

1. Total Income - \$43,271
2. Total Expenses - \$34,027. The expenses included \$9,060 for Snow Removal, \$548 for Electric, \$7,899 for Landscaping, \$3,475 for Irrigation Maintenance, \$7,200 for Management Fees, \$2,010 for Trash Removal, no insurance invoice received yet, \$165 for Postage, \$93 for Printing, \$45 for Legal Fees, \$2,640 for Water, \$448 for Annual Meeting Expenses, \$150 for Website Hosting, \$29 for Miscellaneous and Income of \$1,200. Irrigation Maintenance, Electric, Snow Removal and Maintenance and Repair were under budget and Landscaping Maintenance was over budget.

It is anticipated the Association will be about \$10,000 under budget at year-end, assuming all anticipated expenses for the balance of the year have been captured and there are not any significant unanticipated expenses.

IV. PROPERTY MANAGEMENT REPORT

A. *Trash Update*

Gary Nicholds finally received a response from Waste Management this afternoon. An eight yard dumpster would cost \$173.20/month, which is less than the current service. A 96 gallon commingled recycling tote that would fit in the dumpster shed would be an additional \$40/month. After discussion the Board voted to table a decision on recycling until the next Annual Meeting.

B. *Hardwiring of Sensors*

Gary Nicholds said he was initially told that sensors on the last four houses built were not hardwired. He found that Garth Stroble's sensor was in fact already wired. The sensors for Stuart Walsworth and the house that is for sale have been rewired. The fourth owner would not give permission to enter the house.

C. *Plowing Contract*

Gary Nicholds received a contract proposal from Jerzy Puc. The terms are the same as last year with no changes or increases. He contacted five other contractors and several declined to bid because Stonehaven is was outside their area. The others said they would come to look at the property but never showed up. Several owners have requested that Jerzy be awarded the contract again. Paige Belville agreed that Jerzy did a good job last year.

Paige Belville made a motion to accept the contract submitted by Jerzy Puc for the 2012/2013 winter season. Dean Volk seconded and the motion carried. Gary Nicholds will sign the contract on behalf of the Board and will contact the contractor tonight.

D. *Reserve Study*

There was general discussion about the items listed in the Reserve Study. Jim Contino thought the \$5,000 sprinkler system expense should be an Operating expense instead of Reserve. Paige Belville explained that ongoing maintenance could eliminate the need for a complete replacement in the future. The Board agreed that the funds should be earmarked as Reserve and not used for other projects.

The Board discussed the balance in the Reserve Fund and possibly capping the contributions once the balance reaches a certain level. Gary Nicholds said the recommended industry standard was a 70% funded level. He said most Associations try to continue to build the balance by contributing year-end surpluses into the Fund. The Board agreed to hold a special meeting to discuss this issue further.

Gary Nicholds noted that the Board would need to approve a budget before the end of the year. Paige Belville asked Giovanna Voge to draft a preliminary budget by October 15th. Giovanna said she could have it completed by Friday, October 12th.

V. OLD BUSINESS

A. Front Entrance Landscaping

Paige Belville said one of the critical issues related to the landscaping proposal was identifying the source of funding. It appears the Association will end the year with a surplus, which could be used for this project. The Board will send a letter to the owners about this project after the next meeting once the Board has established the desired level of funding for the Reserve account.

Gary Nicholds was asked to get a cost estimate for ongoing maintenance of the proposed landscaping improvements from Neils Lunceford. The original proposals from Neils Lunceford did not include the additional work for the new flowerbeds. Gary will contact them and get this information for the Board next week.

VI. NEW BUSINESS

A. Architectural Control Committee.

Paige Belville said the ARC was now in place. The first application was received and the approval process went smoothly. The ARC will be looking at updating the guidelines. They may consider granting blanket approvals for certain projects such as restaining with an approved color, replacing mulch and replacement of existing landscaping. The proposed revisions will be forwarded to the Board for approval.

VII. SET NEXT MEETING DATE

Jim Contino will send an email with a suggested date for the next Board Meeting.

VIII. ADJOURNMENT

Paige Belville made a motion to adjourn at 5:57 p.m. Jim Contino seconded and the motion carried.

Approved By: _____ Date: _____
Board Member Signature

**STONEHAVEN AT BRECKENRIDGEASSOCIATION
BOARD OF DIRECTORS MEETING
NOVEMBER 12, 2012**

I. CALL MEETING TO ORDER

The Stonehaven at Breckenridge Association Board of Directors Meeting was called to order at 11:05 a.m. via teleconference.

Board Members Present Were:

| | |
|------------------|---------------|
| Dean Volk | Jim Contino |
| Mark Miller | Paige Beville |
| Stuart Walsworth | |

Representing Basic Property Management were Gary Nicholds and Giovanna Voge. Erika Krainz of Summit Management Resources was recording secretary.

II. APPROVE PREVIOUS MEETING MINUTES

Paige Beville made a motion to approve the October 5, 2012 Board Meeting minutes as amended. Dean Volk seconded and the motion carried.

III. REAL ESTATE UPDATE

There is currently one unit for sale. All other units that were on the market are now under contract.

IV. FINANCIAL REPORT

A. Year-to-Date Financial Report

Giovanna Voge reviewed the Balance Sheet as of October 31, 2012.

1. Total Checking/Savings - \$69,395
2. Total Accounts Receivable – There was \$600 owed from one owner but payment has been received since the date of this report.
3. Total Accounts Payable - \$5
4. Retained Earnings - \$1,700 lower than last year due to the 2011 year-end deficit.
5. Net Income - \$23,000

Giovanna reviewed the Profit and Loss as of October 2012.

1. Total Income - \$57,684
2. Total Expenses - Snow removal was \$4,740 under budget but this will probably even out in November and December. Electric was \$2,420 under budget.

There was general discussion about the snowmelt system. It was installed by All Electric about ten years ago and they should have all the records. The controls are about 10' east of the Marcelli home. Gary Nicholds was asked to get operating

instructions from All Electric and to obtain an estimate of the remaining useful life and replacement cost to include in the Reserve Study.

B. 2013 Budget

A question was raised regarding the \$1,200 Other Income line item. Giovanna Voge said it was the balance of the Working Capital Reserve. It should not be included in the budget and she will remove it. This will change the budgeted net income to \$3,600.

The Association is projected to end 2012 with a surplus of approximately \$13,300. The owners should be informed of the three options for handling the surplus: it can be refunded, first quarter dues can be forgiven or it can be used for projects. Jim Contino thought the Board voted at the October meeting to postpone a vote on it until the next Annual Meeting. Two Board Members disagreed, indicating that the decision at the October meeting had been to: a) determine the projected Retained Earnings from 2012 based upon end-of-October budget projections; b) agree upon a formula for determining how much of each year's Retained Earnings would be directed to the Association's Reserve Account; and c) decide how the excess Retained Earnings (after distribution to the Reserve Account) would be handled. One of the options for the homeowners to vote on would including spending approximately \$5,000 on flowerbeds at the Stonehaven entrance.

The Board discussed how to memorialize the directive for future Boards to use the Reserve Fund money only for capital improvement projects. Gary Nicholds said this could be defined in a Board Policy since there are not currently any written restrictions.

The current Reserve Study reflects that the Association can anticipate spending \$65,000 over the next 14 years, equating to \$4,600 per year. The Board had discussed maintaining a 70% funded level, which would be \$45,000. A \$3,200 annual contribution would be 70% of the \$4,600 annual spending projection.

Paige Beville made a motion to establish a \$3,200 budget line item in the 2013 Budget for the Reserve contribution and to transfer \$45,000 of the retained earnings to establish the Reserve Fund. Dean Volk seconded, noting that this would equate to a 70% funded level. The motion carried unanimously.

Paige Beville asked what would be done with the 2012 surplus. Giovanna Voge recommended putting some of the surplus in retained earnings since the remaining balance after transferring \$45,000 to Reserves would only be \$1,000. Paige suggested putting \$3,200 of the surplus into the retained earnings.

Dean Volk proposed transferring any leftover funds from the irrigation repairs that are currently budgeted as Operating expenses to the Reserve Fund. Giovanna Voge said she would transfer the entire \$5,000 irrigation repair balance to the Reserve Fund.

Giovanna Voge will create a separate P&L for the Reserve Fund. It will reflect the annual contributions and upcoming projects, including irrigation maintenance. She will send it to the Board for review.

Gary Nicholds was asked to draft a letter to the owners explaining the major changes to the budget. Giovanna Voge will make the revisions to the budget as discussed and send the revised draft to the Board tomorrow. Dean Volk requested a copy of the approved budget from last year.

Dean Volk said the Board should develop a budget for the proposed flowerbed project and have the owners tell the Board whether they want to have flowerbeds installed. Paige Beville will send Jim Contino proposed wording explaining the landscaping project that was approved by the homeowners and completed for the same area in 2011, so that homeowners understand that if they vote to install flowerbeds, they will be replacing newly-installed landscaping.

V. ADJOURNMENT

A motion was made to adjourn at 11:57 a.m. The motion was seconded and carried.

Approved By: _____ Date: _____
Board Member Signature